Amendments to the Claims:

The present listing of claims replaces all previous claim listings.

Claim listing:

1.   (Previously Presented) A method of refunding value as applied to spoiled items, wherein the item comprises an element containing an authentication code and bearing sensitive information, the method comprising the steps of:

validating the element in each item in an item stream, wherein an item is assigned as being spoiled where the element inserted in the item does not satisfy at least one validation criterion;

separating spoiled items from the item stream;

for each spoiled item, presenting the element to a third party, so that the sensitive information is not made available to the third party; and

for each spoiled item, refunding the value as applied to the spoiled item based on a determination by the third party.

2.   (Previously Presented) The method of claim 1, wherein each item is scanned for an element inserted in the item in the validation step.

3.   (Previously Presented) The method of claim 2, wherein the at least one validation criterion requires the element inserted in the item to have at least one physical characteristic, comprising at least one of a position, size and color of the element.

4.   (Previously Presented) The method of claim I, wherein data is read from each element inserted in the item in the validation step.

5.   (Original) The method of claim 4, wherein the at least one validation criterion requires authentication of at least part of the read data.

6.   (Original) The method of claim 5, wherein the authentication of at least part of the read data requires the at least part of the read data to have a predeterminable format.

7.   (Original) The method of claim 5, wherein the authentication of at least part of the read data requires the at least part of the read data to match check data.

8.   (Previously Presented) The method of claim 1, wherein the element inserted in the item is a printed imprint.

9.   (Previously Presented) The method of claim 1, wherein the element inserted in the item is an electronic labe.

10.   (Canceled).

11.   (Canceled).

12.   (Previously Presented) The method of claim 1, further comprising the steps of:

    perforating each element removed from a spoiled item about the authentication code; and

    separating a section of the element including the authentication code and excluding the sensitive information, to allow the section to be presented to a third party, with the sensitive information not being made available to the third party.

13.   (Previously Presented) The method of claim 1, wherein each element is perforated about a section including the authentication code, and further comprising the step of:

    separating the section of the element including the authentication code and excluding the sensitive information to allow the section to be presented to a third party, with the sensitive information not being made available to the third party.

14.   (Previously Presented) The method of claim 1, wherein the element is removable from the item, and further comprising the step of:

separating the element to allow the element to be presented to a third party, with the sensitive information not being made available to the third party.

15.   (Previously Presented) The method of claim 1, wherein each item includes a label on which the element is provided, and further comprising the step of:

separating the label from the item to allow the label to be presented to a third party, with the sensitive information not being made available to the third party.

16.   (Previously Presented) The method of claim 1, further comprising the step of:

obliterating the sensitive information on each element removed from a spoiled item to allow the element to be presented to a third party, with the sensitive information not being made available to the third party.

17.   (Previously Presented) The method of claim 16 wherein the sensitive information is printed on the element and the obliterating step comprises the step of:

over-printing the sensitive information to render the sensitive information unreadable.

18.   (Previously Presented) The method of claim 16 wherein the sensitive information is printed on the element and the obliterating step comprises the step of:

applying a panel over the sensitive information to render the sensitive information unreadable.

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19.   (Previously Presented) The method of claim 16, wherein the obliterating step comprises the step of:

cutting out a section of each element removed from a spoiled item including the sensitive information, so that the item includes no sensitive information.

20.   (Previously Presented) The method of claim 1, further comprising the step of:

packaging each element removed from a spoiled item to conceal the sensitive information and allow the element to be presented to a third party, with the sensitive information not being made available to the third party.

21.   (Previously Presented) The method of claim 1, wherein each item includes a cover sheet which includes no sensitive information and on which the element is provided, and further comprising the step of:

separating the cover sheet including the element from the item to allow the cover sheet to be presented to a third party, with the sensitive information not being made available to the third party.

22.   (Original) The method of claim 1, further comprising the step of:
generating a spoiled item notification in respect of each spoiled item for communication to a remote center.

23.   (Previously Presented) The method of claim 22, further comprising the step of:

electronically transmitting the spoiled item notifications to the remote center, and each spoiled item notification is transmitted separately or spoiled item notifications are transmitted in batches at predeterminable intervals.

24.   (Previously Presented) The method of claim 22, wherein an image of each spoiled element is acquired in the validation step, and each spoiled item

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notification includes an image of an element of the respective spoiled item which excludes the sensitive information to allow the image of the element to be presented to a third party, with the sensitive information not being made available to the third party.

25.   (Previously Presented) The method of claim 1, further comprising the step of:

crediting a refund credit register in respect of the value as applied to each element for each spoiled item.

26.   (Canceled).

27.   (Currently Amended) The method of claim [[26]] 1, further comprising the step of:

writing an element for each item, wherein, where the element of a previous item is assigned as being spoiled, the written element contains the authentication code contained in the element of the previous item assigned as being spoiled.

28.   (Previously Presented) The method of claim 27, wherein the element is a printed imprint and the writing step comprises the step of:

printing an imprint as an element on each item.

29.   (Previously Presented) The method of claim 27, wherein the element is an electronic label and the writing step comprises the step of:

electronically writing to an electronic label as an element on each item.

30.   (Previously Presented) The method of claim 1, wherein the items comprise documents, the documents comprising one or more sheets.

31.   (Original) The method of claim 30, wherein the documents comprise mail documents.

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32.   (Previously Presented) The method of claim 1, wherein the items comprise document carriers, envelopes or mail carriers.

33.   (Previously Presented) The method of claim 1, wherein the sensitive information is encoded.

34.   (Previously Presented) An item handling system for refunding value as applied to items, the items including an element containing an authentication code and bearing sensitive information, in an item stream, the system comprising:

    a validation unit for validating the element of each item in an item stream, wherein an item is assigned as being spoiled where the element does not satisfy at least one validation criterion;

    a sorting unit for separating spoiled items from the item stream, with the element of each spoiled item being presented to a third party, so that the sensitive information is not made available to the third party; and

    a control unit for controlling operation of the system, wherein the control unit includes a refund credit register and is operative to credit the refund credit register in respect of the value as applied to each spoiled item, wherein the spoiled item is authenticated by the third party.

35.   (Original) The system of claim 34, wherein the validation unit is operative to scan each item for an element.

36.   (Previously Presented) The system of claim 35, wherein the at least one validation criterion requires the element to have at least one physical characteristic, comprising at least one of a position, size and color of the element.

37.   (Original) The system of claim 34, wherein the validation unit is operative to read data from the element.

38.   (Original) The system of claim 37, wherein the at least one validation criterion requires authentication of at least part of the read data.

39.   (Original) The system of claim 38, wherein the authentication of at least part of the read data requires the at least part of the read data to have a predeterminable format.

40.   (Original) The system of claim 38, wherein the authentication of at least part of the read data requires the at least part of the read data to match check data.

41.   (Previously Presented) The system of claim 34, wherein the element is a printed two-dimensional barcode.

42.   (Previously Presented) The system of claim 34, wherein the element is a radio frequency tag.

43.   (Canceled)

44.   (Previously Presented) The system of claim 34, wherein the items include an electronic label containing the sensitive information.

45.   (Previously Presented) The system of claim 34, further comprising:
a perforating unit for perforating each spoiled item about the element to allow a section of the item including the element and excluding the sensitive information to be separated, and thereby allow the section to be presented to a third party, with the sensitive information not being made available to the third party.

46.   (Previously Presented) The system of claim 34, wherein each item is
perforated about a section including the element to allow the section of the item
including the element and excluding the sensitive information to be separated, and
thereby allow the section to be presented to a third party, with the sensitive information
not being made available to the third party.

47.   (Previously Presented) The system of claim 34, wherein the element is
removable from the item to allow the element to be separated, and thereby allow the
element to be presented to a third party, with the sensitive information not being made
available to the third party.

48.   (Previously Presented) The system of claim 34, wherein each item
includes a label on which the element is provided to allow the element to be separated
by removal of the label, and thereby allow the label to be presented to a third party, with
the sensitive information not being made available to the third party.

49.   (Previously Presented) The system of claim 34, further comprising:
an obliteration unit for obliterating the sensitive information on each element of a
spoiled item to allow the item to be presented to a third party, with the sensitive
information not being made available to the third party.

50.   (Previously Presented) The system of claim 49, wherein the sensitive
information is printed on the element and the obliteration unit comprises a printer for
over-printing the sensitive information to render the sensitive information unreadable.

51.   (Previously Presented) The system of claim 49, wherein the sensitive
information is printed on the element and the obliteration unit comprises an applicator
for applying a panel over the sensitive information to render the sensitive information
unreadable.

52.   (Previously Presented) The system of claim 49, wherein the obliteration
unit comprises a cutter for cutting out a section of each element of a spoiled item

including the sensitive information, so that the item includes no sensitive information.

53.   (Previously Presented) The system of claim 34, further comprising:

a packaging unit for packaging each element of a spoiled item to conceal the sensitive information, and thereby allow the element to be presented to a third party, with the sensitive information not being made available to the third party.

54.   (Previously Presented) The system of claim 34, wherein each item includes a cover sheet which includes no sensitive information and on which the element is provided to allow the cover sheet including the element to be separated from the item, and thereby allow the cover sheet to be presented to a third party, with the sensitive information not being made available to the third party.

55.   (Previously Presented) The system of claim 34, wherein the control unit is operative to generate a spoiled item notification in respect of each spoiled item for communication to a remote center.

56.   (Previously Presented) The system of claim 55, wherein the control unit includes a communications module for electronically communicating with the remote center, whereby the spoiled item notifications are transmitted electronically to the remote center, and each spoiled item notification is transmitted separately or spoiled item notifications are transmitted in batches at predeterminable intervals.

57.   (Previously Presented) The system of claim 55, wherein the validation unit is operative to acquire an image of each spoiled element, and each spoiled item notification includes an image of the respective spoiled element which excludes the sensitive information to allow the image of the element to be presented to a third party, with the sensitive information not being made available to the third party.

58.   (Previously Presented) The system of claim 34, further comprising:

a writing unit for writing an element; and

wherein the control unit is operative to control the writing unit to write an element containing the authentication code contained in the element of a previous item assigned as being spoiled.

59.   (Previously Presented) The system of claim 58, wherein the element is a printed imprint of a two-dimensional barcode, and the writing unit comprises a printing unit for printing an imprint as an element on each item.

60.   (Previously Presented) The system of claim 58, wherein the element is an electronic label, and the writing unit comprises an electronic label writer for writing to an electronic label as an element on each item.

61.   (Previously Presented) The system of claim 34, wherein the items comprise documents including one or more sheets.

62.   (Original) The system of claim 61, wherein the documents comprise mail documents.

63.   (Previously Presented) The system of claim 34, wherein the items comprise document carriers, envelopes or mail carriers.

64.   (Previously Presented) The system of claim 34, wherein the sensitive information is encoded.

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